

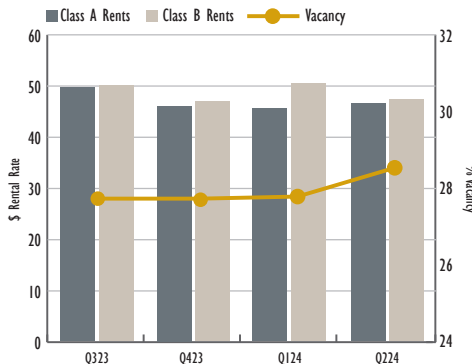
Vacancy rates for both direct and sublet office space in San Francisco have risen compared to the previous quarter.

This increase does not account for the significant amount of space recently listed by Elon Musk after the end of the second quarter. There was a temporary stabilization in vacancy rates last quarter, but they are predicted to continue upward for at least the next three quarters.

Vacancy Continues to Move Upward

The 2nd quarter vacancy rate for class A downtown market core space moved upward, from an adjusted 26.5% in the 1st quarter to 28.3% in the 2nd quarter of 2024, an almost two percent increase. Gross leasing increased from an adjusted 670,751 square feet in the 1st quarter to 925,989 square feet in the

SAN FRANCISCO FINANCIAL CORE



2nd quarter. Net absorption in the 1st quarter was -474,730 square feet. Absorption was negative and increased to 893,670 in the 2nd quarter. Average asking rental rates for Class A space were \$46.45 per square foot in the 2nd quarter compared to \$45.34 per square foot in the 1st quarter. The average rental rate for Class B financial core space was \$47.12 in the 2nd quarter compared to \$50.21 in the 1st quarter. Class B absorption was 202,258 in the 2nd quarter, higher than the adjusted -96,462 square feet in the 1st quarter. South of Market (SOMA) vacancy rates increased to just over 38 percent in the 2nd quarter.

Elon Moves X and SpaceX to Texas

X has now put its entire headquarters, consisting of two buildings, up for sublease. Last year, it put up One Tenth Street, roughly 330,000 square feet of space. Now, 1355 Market Street has been put on the block as well. Both buildings total almost 800,000 square feet, representing the largest block of available sub-lease space in San Francisco.

Elon Musk announced that X Corp., formerly known as Twitter, is relocating its headquarters from San Francisco to Austin,

Texas. This decision follows Musk's dissatisfaction with California's new law, AB 1955, which prohibits schools from requiring parental notification if a child identifies as transgender. Musk expressed his frustration with the law, as well as with the street conditions in San Francisco. Musk's SpaceX is also moving its headquarters from Hawthorne, California, to Starbase, Texas. SpaceX employs around 13,000 people.



1355 Market Street

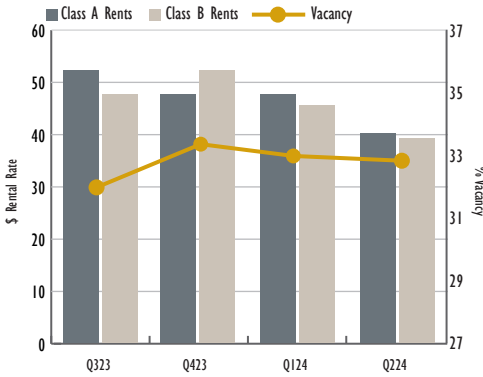
Scale AI Picks Up Sublease from Airbnb

Scale AI has subleased approximately 180,000 square feet from Airbnb at 650 Townsend Street in San Francisco. This deal is the largest commercial real estate lease in San Francisco for the year. It significantly expands Scale AI's current footprint, which was about 50,000 square feet at their previous location on 155 5th Street. The lease is set for 7-1/2 years, extending past Airbnb's lease expiration in 2027. The move aligns with Scale AI's rapid growth and recent \$1 billion fundraising round at a \$14 billion valuation.

Redco Makes Another Commitment Downtown

Redco has finalized the acquisition of 300 California Street in downtown San Francisco for \$28.5 million (approximately \$240 per square foot). This 120,000 square foot building was purchased from New York-based LeFrak, which had acquired it in 2014 for \$58.25 million (about \$485 per square foot). The acquisition marks Redco's second recent investment in downtown San Francisco. Redco's commitment to the building is part of a broader bet on the recovery of downtown San Francisco's office market. This follows their involvement in reopening Harrington's, a historic financial district Irish bar, in partnership with the Harrington family and other investors.

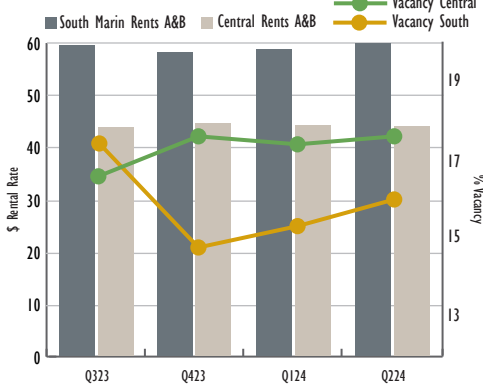
SAN FRANCISCO SOMA



Where's the Space?

Submarket	Direct SF	Vacancy (direct)	Sublet SF	Vacancy (sublet)	Total SF	Vacancy (Total)
Top 10 Build.	1,958,514	13.70%	1,010,806	7.00%	2,335,339	20.70%
Fin. Dist. A	11,319,536	22.80%	2,747,718	5.50%	14,067,254	28.30%
Fin. Dist. B	3,256,515	26.60%	245,477	2.00%	3,501,992	28.60%
SOMA A	2,103,737	30.50%	582,678	8.50%	2,686,415	39.00%
SOMA B	2,415,851	20.30%	1,096,872	9.20%	3,512,723	29.00%

MARIN

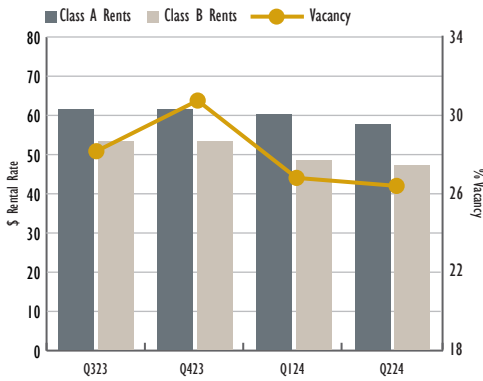


Major Leases Completed in the Second Quarter

Tenant	Sq. Ft.	Address
ScaleAi	178,234	650 Townsend Street **
Orrick Herrington & Sutcliffe	106,670	405 Howard Street *
Google	64,774	215 Fremont Street *
Udemy	59,207	600 Harrison Street *
Jones Day	56,283	555 California Street *
Citizens Bank	51,769	101 California Street ****
WilmerHale	40,250	50 California Street ****

*Renewal **Sublease ***Expansion ****New lease

OAKLAND CBD

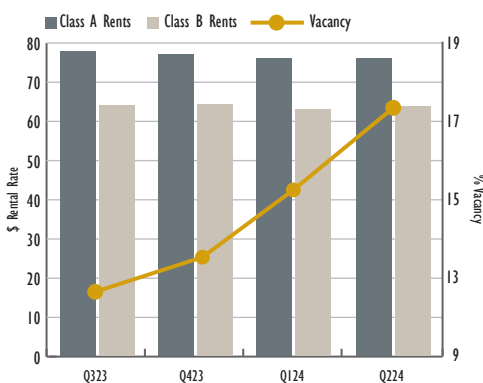


The Axiant Group Can Help You

Do you want information about rents and space available in your building? Are you interested in subleasing or terminating your lease? Is your lease expiring in the next three years?

Contact The Axiant Group. We have handled transactions from 1,000 to 1,000,000 sq.ft. in the Bay Area and throughout the U.S. The average tenure of our brokers is over 20 years. We have handled assignments for clients including Chevron U.S.A., Coblentz, Patch, Duffy & Bass, Oracle Corporation, PG&E, Sutro & Company, Zurich Scudder Investments, Charles Schwab, Texas Pacific Group, Club One, Moss Adams, and many others.

PENINSULA



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